



State of California—Health and Human Services Agency  
**Department of Health Services**



Governor

August 10, 2006

TO: EXECUTIVE DIRECTORS AND FISCAL OFFICERS

SUBJECT: ADVANCE PAYMENT REQUEST PROCEDURES

This memo serves as notification of **ADVANCE PAYMENT REQUEST PROCEDURES** for the Indian Health Program (IHP) for Fiscal Year (FY) 2006-2007. Grantees may request an advance payment not to exceed 25 percent of the clinic's final award based on the award notification in accordance with Health and Safety Code Section 124525. The request for an advance for use in the first quarter of FY 2006-2007 (July, August, September) can be submitted in letter format. A sample letter is included. The letter must be forwarded using corporate letterhead and must be signed by an individual authorized to bind the corporation. Approval of advances for FY 2006-2007 is contingent upon the following conditions:

1. The FY 2006-07 State Budget Act must be passed. (The FY 2006-2007 Budget was passed on June 30, 2006)
2. The grantee must have submitted all of the following fiscal items in the correct format:
  - a. Payment Request Letter (PRL) for up to 50% of the FY 2005-2006 grant award due July 2005,
  - b. Budget Expenditure Report (BER) covering expenditures from July 2006-December 2006 due January 2007,
  - c. PRL for up to 40% of the FY 2005-06 grant award due January 2006,
  - d. BER covering expenditures from January 2006-April 2006,
  - e. PRL for 10% of the FY 2005-06 grant award or remaining funds due June 2006,
  - f. Annual Budget Reconciliation form due June 2006.

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3. The grantee must have submitted all progress reports in the approved format through May 2006.
4. The grantee must have submitted the required independent audit report referenced in Exhibit "A" of the FY 2005-06 grant.
5. The corporation must be in good standing with the Secretary of State.
6. The grantee shall repay the full amount of any outstanding advance if the grant is not fully approved.

Please note that documentation of actual costs will be applied to the final line item budget approved in the IHP's FY 2006-07 Request for Application. It is recommended that tracking of costs to the IHP budget continue as per the previous year. Lastly, advance payments will be deducted from the first semiannual prospective payment which will be available upon execution of FY 2006-07 grants.

Should you have any questions, please feel free to contact the IHP at (916) 449-5760.

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Enclosure